

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

MINUTES OF THE MARCH 19, 2008 PENSION BOARD MEETING

1. Call to Order

Chairman Dr. Dean Roepke called the meeting to order at 8:40 a.m. in the Green Room of the Marcus Center, 127 East State Street, Milwaukee, Wisconsin 53202.

2. Roll Call

Members Present:

Linda Bedford
Donald Cohen
Roy Felber
Jeffrey Mawicke
Marilyn Mayr
Dr. Sarah Peck
Dr. Dean Roepke (Chairman)

Members Excused:

John Parish
Thomas Weber (Vice Chairman)

Others Present:

David Arena, Director of Employee Benefits, Department of Administrative Services
Mark Grady, Principal Assistant Corporation Counsel
Gerald J. Schroeder, Interim ERS Manager
Vivian Aikin, ERS Administrative Specialist
Donald Campbell, ERS Project Manager
Sushil Pillai, Milwaukee County Program Manager
Steven Huff, Reinhart Boerner Van Deuren s.c.
Leigh Riley, Foley & Lardner LLP
Chris Trebatoski, Weiss Berzowski Brady LLP
Terry Dennison, Mercer Investment Consulting
William J. Supple, Robeco Boston Partners
Mark Donovan, Robeco Boston Partners
Ken Loeffel, Retiree
Louis Metz, Retiree
Nancy Beck-Metz, Retiree
Yvonne Mahoney, Retiree
Jack Hohrein

3. Chairman's Report

The Chairman congratulated Mr. Parish on his reelection as an employee member of the Pension Board for a three-year term effective March 1, 2008. The Chairman extended the Pension Board's sympathies to Mr. Parish on the passing of his father. The Chairman welcomed Mr. Felber as an elected employee member of the Pension Board for a one-year term. The Chairman noted that Mr. Felber has been sworn in and that his term began on March 1, 2008.

The Chairman stated that it is a good government board practice to open the floor to visitors at the beginning of the meeting for the purpose of making brief comments. In response to a question from Ms. Mayr, the Chairman responded that there is no Pension Board rule requiring such a practice. Rather, he stated, opening the floor to visitors is within the Chairman's discretion. Mr. Loeffel asked whether visitors are allowed to comment during the meeting. In response to Mr. Loeffel's question, the Chairman responded that visitors will not be able to comment during the meeting. Mr. Loeffel indicated that during meetings of any standing County Board committees, visitors can fill out an index card and speak at that meeting. Ms. Mayr suggested that the practice of opening the floor to visitors should be codified as a rule. Mr. Grady summarized how public comments are provided at various public board meetings. The Chairman stated that discussion of this topic should be added to a future Pension Board meeting agenda.

4. Minutes of the February 13, 2008 Pension Board Meeting

The Pension Board reviewed the minutes of the February 13, 2008 Pension Board meeting.

The Pension Board unanimously approved the minutes of the February 13, 2008 Pension Board meeting. Motion by Mr. Cohen, seconded by Ms. Bedford.

5. Minutes of the February 20, 2008 Annual Pension Board Meeting

The Pension Board reviewed the minutes of the February 20, 2008 annual Pension Board meeting.

The Pension Board unanimously approved the minutes of the February 20, 2008 Pension Board meeting. Motion by Mr. Cohen, seconded by Dr. Peck.

6. Reports of Employee Benefits Director and Interim ERS Manager

(a) Retirements Granted

Mr. Schroeder presented the Retirements Granted Report for February 2008. He reported that eight retirements were granted in February, and one retiree elected a back DROP. He stated that the Retirement Office has started preparing a monthly

ERS activities report. He indicated that the activities report contains information on retirements, deaths, divorces, number of payments and payment amounts. He noted that the report includes information for the current month, year-to-date and prior year. He stated that the Retirement Office made 7,274 payments in February 2008, totaling \$10,994,000. He reviewed the record maintenance numbers for February, noting that the Retirement Office has been extremely busy preparing for the V3 System implementation.

Mr. Schroeder distributed Michael Malloy's biography to the Board.

Mr. Schroeder indicated that Mr. Malloy is beginning to prepare a procedures manual for ERS. Mr. Schroeder reported that Mr. Malloy assisted in preparing a procedures manual for the City of Milwaukee Employees' Retirement System. In response to questions from Ms. Mayr and Ms. Bedford, Mr. Schroeder stated that Mr. Malloy is a temporary consultant and not a County employee.

Mr. Schroeder discussed the recent recruitment efforts of the Retirement Office. He noted that Julie Evans has been hired as an accountant on a temporary basis to assist Mr. Mueller. Ms. Mayr expressed concern that the hiring of Ms. Evans may have avoided the civil service hiring requirements. Mr. Grady stated that Ms. Evans was hired at the suggestion of ERS's external auditors to support Mr. Mueller, who has stated that it is his intention to retire within the next two years. Mr. Arena reported that no accounting civil service position is currently available and that there will be a review of whether an accounting position is needed when the 2009 budget is developed. Mr. Schroeder indicated that he posted an employment opening for a retirement systems coordinator. He stated that after the retirement systems coordinator position has been filled, he will begin filling the administrative specialist positions that were provided for in the most recent budget.

7. Investments

(a) Investment Manager Report – Robeco Boston Partners

Mr. Donovan and Mr. Supple distributed a report on Robeco Boston Partners' management of ERS's large cap value strategy and presented it to the Pension Board on behalf of Robeco Boston Partners. Mr. Supple stated that Boston Partners has been utilizing a value philosophy since the early 1980s. He indicated that Boston Partners has integrated its quantitative and fundamental research, which allows it to better choose companies in which to invest. He reviewed Boston Partners' product offerings, noting that the large cap value strategy represents half of the assets under Boston Partners' management. He pointed out that Boston Partners has over 120 institutional clients.

Mr. Supple reported on the performance of the ERS portfolio since its inception, noting that the Boston Partners has provided a \$160 million investment return during that period. He pointed out that the ERS portfolio equaled the performance of or outperformed the Russell 1000 Value Index and S&P 500 Index over the three, five, seven, ten and since inception time periods. He stated that the ERS portfolio is down approximately 9.0% since the beginning of the year, which is consistent with the performance of the overall market, but has underperformed the benchmark which has decreased only 8.0%. In response to a question from Dr. Peck, Mr. Supple stated that the chart on page 5 of the report represents the overall performance of Boston Partners' entire large cap value strategy, while the chart on page 4 represents only the performance of ERS's portfolio. He commented that the numbers are very similar.

Mr. Supple stated that one of Boston Partners' focuses is preservation of capital. He reviewed the performance of the value strategy during the bear market from March 2000 through October 2002, the bull market between November 2002 and May 2007, the correction period from June 2007 through February 20, 2008, and the cumulative return over those periods. He noted that the Boston Partners' large cap value strategy outperformed the Russell 1000 Value, S&P 500, Russell 1000 Growth and the NASDAQ except during the correction period.

Dr. Peck asked how Boston Partners is able to perform well during bear markets. Mr. Supple attributed Boston Partners' performance to choosing strong companies. Mr. Donovan indicated that Boston Partners does not try to time the market but rather buys financially and fundamentally strong companies. Mr. Supple reviewed the composition of Boston Partners' equity investment team and noted that there is a team focus, which benefits pension plans because the parties can focus their efforts on various aspects of the portfolio. Mr. Donovan noted that the team has an average of 17 years of industry experience and that many of those years have been spent working together. He pointed out that the quantitative and fundamental teams work together. He indicated that most of the team is "home grown" and adheres to Boston Partners' investment philosophy and methodology. In response to a question from the Chairman, Mr. Donovan reviewed the history of Boston Partners, which included its 2002 merger with Robeco.

Mr. Donovan discussed Boston Partners' three core principles: choosing value stocks, focused internal research and aversion to risk. He noted that value does not mean simply "cheap," because some stocks are cheap because the stock is a poor performer. He indicated that Boston Partners purchases stock based on the company's valuation, business fundamentals and whether the company is a catalyst for change in its industry. He reviewed Boston Partners' stock selection process. He noted that Boston Partners' value stock universe contains companies with market capitalizations of over \$2 billion. He pointed out that a stock is first put

through a quantitative analysis, which focuses on valuation, momentum and fundamentals. He indicated that the quantitative analysis is verified and then Boston Partners analyzes the stock's fundamentals. Mr. Donovan stated that Boston Partners then determines the stock's intrinsic value and sets a target price on which an analyst makes a recommendation. He noted that Boston Partners then constructs the portfolio, monitors the holdings, evaluates company and industry developments and reviews and adjusts target prices.

Mr. Donovan summarized the ERS portfolio's largest stock holdings and compared the economic sector weightings of the ERS portfolio against the Russell 1000 Value Index and the S&P 500 Index. He discussed the ERS portfolio's key characteristics, noting that the ERS portfolio's key financial numbers are indicative of a value portfolio. He pointed out that the ERS portfolio's return on operating assets ratio is higher than a typical portfolio, which indicates that ERS is investing in more profitable companies. He reviewed the ERS portfolio's complete holdings list as of December 31, 2007, noting that ERS invests in high quality, stable companies. He discussed the historical performance of the "price of quality," noting that high quality companies cost the most but perform the best and are the most stable. He indicated that the spread between the cost of quality was the most narrow it has ever been at the end of 2007, meaning that investors are only paying a small premium for quality. He stated that there is a bias in the market towards quality and stability. The Chairman asked if there would be any changes at Boston Partners if there is a shift from value to growth strategy. Mr. Donovan answered that Boston Partners would continue to use the same methodology and process, whether the market favors growth or value.

Mr. Donovan opined that the best performance period for a value manager appears to be when the economy is coming out of a recession, because investors avoid risk during a recession, which artificially deflates stock prices. Dr. Peck asked how the tightening of the credit market affects Boston Partners and whether Boston Partners has a permanent bias to own companies that generate excess cash to self finance versus companies which borrow money. Mr. Donovan answered that Boston Partners does not like to invest in highly leveraged companies. He noted that Boston Partners is moving towards investing in companies with more diversified financial structures. He stated that the ERS portfolio did have a small position in Bear Stearns, but sold it at \$33 per share. Ms. Bedford asked what precedent the federal government's intervention in the bail out of Bear Stearns sets for future failures and whether this market is like another Resolution Trust Company situation. Mr. Donovan stated that the closest situation to Bear Stearns would be the real estate crisis in Japan in the 1990s, which was resolved through the use of a public/private partnership. He stated that these failures demonstrate why portfolio diversification is very important.

The Pension Board excused Mr. Donovan and Mr. Supple from the meeting.

(b) Mercer Report

Mr. Dennison reported on the status of the economy and markets. He indicated that the Federal National Mortgage Association's ("Fannie Mae's") capital requirements were decreased from 30% to 20%, which frees up \$200 billion in mortgage capital. He stated that the Federal Reserve is using innovative approaches to jump start the economic system and that the economy is de-leveraging. He discussed how hedge funds use leverage and how leverage drives the hedge funds' returns. He pointed out that banks are requesting that hedge funds return some of the money they borrowed in order to return the banks to financial health. He provided the example of Bear Stearns becoming insolvent because it could not finance its operations internally. He reviewed the financial numbers behind JPMorgan Chase's purchase of Bear Stearns. He opined that this was not a bail out of Bear Stearns, but rather a bail out of the system. He stated that the bail out helps investors and the market deal with unknowns because investors now know that the government will indemnify any bad security with good funds. In response to a question from the Board, Mr. Dennison stated that under Financial Accounting Standard 157 securities may be listed at fair market value, but if there is no market for the security they must be valued at zero even though they have value. He opined that FAS 157 could be suspended because of the current troubles in the market. In response to a question from the Chairman, Mr. Dennison stated that part of the current problems will be paid for by the taxpayers, while the U.S. Treasury will also need to print money to solve the problem, which will be inflationary. Mr. Dennison stated that the Federal Reserve has \$800 billion in assets to regulate the economy.

Mr. Dennison presented Mercer's Flash Report for February 2008. He stated that ERS had a market value of just under \$1.52 billion at the end of February and that ERS's aggregate market value decreased by 0.4% during February, which outperformed the reference index by 20 basis points.

Mr. Dennison stated that January was a terrible month for the markets, February was bad and March is showing signs that it may be better. He noted that the large cap domestic equity market decreased 3.1% in February and the small cap domestic equity market fell 3.7%. He reported that the international markets performed better than the domestic markets. He pointed out that the international markets increased 1.5%, while emerging markets increased 7.4%. He stated the international economy is not necessarily in better shape than the domestic economy, it is just less transparent. He noted that foreign banks have experienced problems, including the governmental takeover of Northern Rock in the United Kingdom.

Mr. Dennison reported that the U.S. Dollar has continued to weaken. He indicated that the Federal Reserve's cutting of interest rates has affected the "carry trade," which is the practice where foreign banks borrow U.S. dollars at 2.5% interest and loan them out in Euros at 5% interest. He noted that "carry trading" causes the value of the U.S. Dollar to decline, which could harm the U.S. economy if sellers start choosing to not price their goods in U.S. currency. He pointed out that this could drive gas prices up even further. He stated that the currency spread could also affect foreign suppliers whose reserves are in dollars but have expenses in Euros.

He stated that investment-grade fixed income market increased 0.1% in February, while high-yield issues decreased 1.2%.

Mr. Dennison reported that due diligence visits to Artisan Partners and WEDGE Capital Management to replace Hotchkis & Wiley are scheduled for April. He noted that Mercer upgraded Westfield Capital's Small Cap Growth Strategy from a B+ to an A-, due to improvement in analyst turnover. He indicated that ING began transitioning assets from the U.S. Real Estate Securities Strategy to the Global Real Estate Securities Strategy on March 13.

Mr. Dennison reviewed the investment performance of all of ERS's investment managers. He stated that all of the active managers met or outperformed their relative benchmarks, except for Artisan Partners which only trailed its benchmark by 30 basis points. He noted that Baring Asset Management performed exceptionally well in February. The Chairman stated that he has been monitoring AQR's strategy and asked if AQR was performing like a hedge fund.

Mr. Dennison stated that AQR is constrained in what it can do within the small cap segment compared to a hedge fund, but AQR can use the same research strategy. In response to a question from the Chairman, Mr. Dennison stated that AQR is an investment manager and will not face liquidity issues similar to an investment bank like Bear Stearns. Mr. Dennison stated that Mercer will keep the Pension Board apprised of any changes occurring at the investment manager level. Mr. Dennison reported that ERS's current asset allocation is well within its investment policy guidelines.

The Pension Board excused Mr. Dennison from the meeting.

(c) Investment Committee Report

Dr. Peck reported on the March 3, 2008 Investment Committee meeting. She stated that due diligence trips are scheduled to Artisan Partners and WEDGE Capital Management for April. She discussed how the Investment Committee reviewed an investment manager fee study prepared by Mercer. She indicated that the report reviewed whether ERS performed better with active investment

managers compared to passively managed investments. She noted that the report covered five years and included terminated investment managers. She stated that she will make the report available at the annual meeting. She pointed out that she could send the report to other Board members via e-mail or they could ask Mr. Dennison for a copy of the report. Ms. Mayr requested that all investment and audit reports be sent to all Board members and the Board Secretary.

8. Vitech Project Report

Mr. Pillai reported that the V3 project will go live in January 2009. He noted that the implementation team has started planning for the go live date. Mr. Campbell stated that the go live date was changed to January 2009 so the year-end data processing does not overlap with the V3 implementation. He reviewed the progress of the V3 project, including the status of the data conversion and cleansing and back file imaging portions of the project. He reviewed the additional positions that have been added since the approval of the additional resource request at the February 2008 Pension Board meeting. He reported that Mr. Arena and Mr. Pallai met with Vitech in New York to discuss plans for moving the V3 project forward. He noted that two databases have been finalized and a complete review of the V3 system will occur soon.

Mr. Campbell stated that the V3 Life/Health module has always been designed to overlap with the pension application. He indicated that the hours devoted to each module have been, and continue to be, tracked so that upon the completion of the project, the V3 Life/Health module costs can be charged back to the County. He reviewed the expenses incurred to date and the amount of planned project expenses. In response to a question from Mr. Felber, Mr. Campbell stated that the \$30,000 Ceridian change request amount will decrease when the financial amounts are updated. In response to a question from the Chairman, Mr. Pillai stated that Vitech's role is to assist with the go live transition by developing an overall implementation plan and processes. Mr. Campbell noted that Vitech is aware of the project deadlines.

9. Vitech Implementation Oversight Committee Report.

Mr. Campbell stated that the Vitech Implementation Oversight Committee was restructured in February 2008. He discussed that the purpose of the Committee is to review the status of the V3 project and to address the financial aspects of the project.

10. Report on Pension Board Role with respect to Pension Obligation Bonds

Ms. Riley distributed a report summarizing the law changes relating to Milwaukee County pension obligation bonds. She stated that the law was signed by the governor at 10 a.m. this morning. She indicated that the law authorizes, but does not require, Milwaukee County to issue pension obligation bonds. She noted that prior to issuing the pension obligation bonds, the law requires the County to develop a five-year strategic and

financial plan detailing how the County will pay ERS's unfunded liabilities. Ms. Mayr pointed out that the five year strategic and financial plan has already been drafted. Ms. Riley stated if pension obligation bonds are issued, the statute requires the County to annually contribute the required contribution or normal cost for that year. Otherwise the Wisconsin Department of Revenue would pay that amount by reducing and withholding the County's portion of shared revenue payments. Mr. Grady indicated that this amount is normally around \$20 million per year.

In response to Mr. Felber's question, Ms. Riley stated that interest earned on the \$20 million between the time the contribution is due and the Wisconsin Department of Revenue pays the amount would appear to be lost. Ms. Riley stated that the law is flexible as to how the money can be invested. In response to Mr. Felber's question, Mr. Grady stated that the bonds can be for up to 30 years, which is 10 years longer than previously allowed. Mr. Felber asked whether issuing pension obligation bonds will result in 100% funded status for ERS. Ms. Riley stated that ERS will not necessarily be 100% funded after issuing pension obligation bonds because the funding status depends on the amount of pension obligation bonds issued and ERS's investment returns.

Mr. Grady indicated that pension obligation bond amounts were included in the 2008 budget. He noted that the 2008 Pension Study Work Group was directed to devise a five-year financial and strategic plan. He reported that the group's recommendation probably will be to give money to the Pension Board to invest, minus amounts for a small stabilization fund. He pointed out that the money derived from pension obligation bonds must be used for pension funding.

11. Audit Committee Report

Dr. Roepke reported on the March 3, 2008 Audit Committee meeting and the minutes of that meeting. He indicated that ERS received four responses to its investment custodian request for proposal and these responses are currently being reviewed. He stated that a timeline was created detailing the steps necessary to choose an investment custodian. He noted that two or three finalists will be selected to present to the Pension Board at its May 21, 2008 meeting. He discussed the members of the Evaluation Panel and noted that the Evaluation Panel may retain a custodial expert to assist in the evaluation process. Dr. Roepke advised the Pension Board members that preliminary investment custodian evaluation presentations will be made on May 5 or 6.

In response to a question from Ms. Bedford, Dr. Roepke stated that the investment custodian evaluation criteria were developed by looking at the current contracts and other investment custodian requests for proposals and through input by Mercer relating to securities lending.

Ms. Mayr indicated that she would like Mr. Mueller to be present at all future Pension Board meetings. Mr. Arena stated that Mr. Mueller requested that he not be required to

come to all meetings because he needs the time to perform his duties. Mr. Arena inquired whether the Pension Board could offer Mr. Mueller relief from attending all of the meetings. Dr. Peck suggested that the Pension Board could ask Mr. Mueller to be available by conference call when he is unable to be at a meeting.

The Pension Board unanimously agreed that Mr. Mueller be requested to either attend every Pension Board meeting or be available by conference call. Motion by Ms. Mayr, seconded by Ms. Bedford.

12. Continuation of Evaluation of Service Providers

The Chairman discussed the need to issue a request for proposal for ERS's investment consultant. Ms. Mayr stated that the County must follow Milwaukee County General Ordinance section 56.30 when selecting an investment consultant. Ms. Mayr asked that the Corporation Counsel's opinion that ERS must follow Ordinance section 56.30 be distributed to each member of the Pension Board. She noted that a request for proposal must be issued every five years for a service provider, and that the incumbent is allowed to bid. Mr. Grady stated that the Pension Board must follow Ordinance section 56.30 when selecting Pension Board service providers.

Ms. Mayr suggested that the Pension Board develop a list of the next two or three current service providers that it will issue request for proposals for and create a timeline for issuing the requests for proposals. She noted that the Board should consider the amount of money and the amount of time without bids in determining which service provider to issue a request for proposal. The Chairman noted that the Audit Committee will develop a list of possible service provider candidates to be put up for bid in the near future. In response to a question from Mr. Felber, the Chairman responded that the Audit Committee or its delegates prepares the requests for proposals.

The Pension Board unanimously agreed that the Audit Committee should begin the investment consultant request for proposal process. Motion by Mr. Cohen, seconded by Mr. Felber.

13. Employee Election – Rule 1020 Possible Amendments

The Pension Board reviewed the possible changes to Rule 1020 and the corresponding memorandum explaining the possible changes. Mr. Huff stated that these possible changes are the same changes that were discussed at the last Pension Board meeting and pointed out that similar changes could be made to Rule 1034, the retiree election rule. Mr. Felber expressed his concern over the potential elimination write-in candidates. Ms. Mayr suggested that the Pension Board revise the rule to have candidates with ethics charges against them be ineligible for election. Mr. Grady pointed out that the County Board sets the eligibility standards and questioned whether the Pension Board could restrict candidate eligibility. Mr. Mawicke asked why mail-in ballots are being

considered. Mr. Arena responded that an in-person election is a cumbersome and expensive process, which requires County employees to take time off to show up at the polling places. The Chairman provided an example from an employee's viewpoint, where a zoo worker may be assisting in surgery and cannot vote within the polling place's time limits. Mr. Felber disagreed with the Deputy Inspector's viewpoints expressed at an earlier meeting, noting that there are fraud concerns in a mail election because an ERS member can pass his ballot to another person. He also suggested that the cost of an election by mail would be higher than an in-person election. Mr. Schroeder stated that the last election was a logistical nightmare. He indicated that a mail election is cheaper and only costs about \$3,000, while a in-person election costs \$5,000. He pointed out that if the intent is increased voter participation, a mail election receives between 30%-50% participation compared to 10% for the most recent in-person election. Mr. Mawicke stated that the Pension Board should not use a mail election process due to the risk of fraud.

Dr. Peck noted that there may be practical concerns about members not voting. She questioned whether there has been any evidence of voter fraud in elections conducted through the mail. In response to a comment, Mr. Loeffel stated that only 10% of retirees live out of state. Ms. Mayr suggested that the Pension Board obtain more data on mail voting before making a decision on implementing voting by mail. The Pension Board discussed tabling the issue of holding an election through the mail to the next meeting in order to obtain a report from the staff in advance on several voting issues, including a cost analysis and information on the occurrence of fraud in elections conducted through the mail.

The Chairman reviewed the Rule and possible changes section by section. The Board discussed the merits of each of the possible changes to Rule 1020.

The Pension Board voted 1-5, with Mr. Mawicke the only member voting in favor, to eliminate the ability to vote for write-in candidates. Motion by Mr. Mawicke, seconded by Mr. Felber only to have a vote on the issue. The motion to eliminate write-in candidates failed.

The Pension Board directed Mr. Huff's law firm to revise the possible changes to Rule 1020 and the explanatory memorandum to reflect the removal of the proposed change to eliminate write-in candidates.

Mr. Cohen left the meeting.

In response to a question from Mr. Felber, the Chairman responded that generally meeting materials do not need to be mailed to all members or meeting attendees because the meeting is a public meeting, and all materials are available to the public except for attorney/client privilege documents.

14. Buck Consultants' ("Buck") Contract Amendment – Fees

Mr. Grady stated that the current Buck contract for basic services provides for automatic increases with the Consumer Price Index for all Urban Consumers, while the contract for supplementary services provides for no such annual increase. He indicated that the cost of Buck's supplementary services exceeded the cost of Buck's basic services in 2007, but this was due to the experience survey. Ms. Mayr stated that she was concerned because ERS issued RFPs and selected Buck based on its stated price and perceived quality and that Buck did not ask for an automatic increase in its supplementary services contract. Mr. Grady noted that the contract indicates that it can be negotiated annually. He reported that Buck asked for the Consumer Price Index for all Urban Consumers annual increase for its supplementary services and that he asked for automatic increases for practical reasons, such as preventing this same situation from occurring annually. Ms. Mayr indicated that the Consumer Price Index for all Urban Consumers is higher than some of the other consumer price indices. In response to a question from Mr. Mawicke, Mr. Grady stated that the fixed portion of the Buck contract is approximately \$50,000.

The Pension Board unanimously agreed to authorize Mr. Grady to negotiate an amendment to the supplementary services contract with Buck for an annual fee increase of one-half of the Consumer Price Index for all Urban Consumers for the remainder of the supplementary services contract. Motion by Ms. Mayr, seconded by Mr. Mawicke.

15. Administrative Matters

(a) National Association of Public Pension Attorneys – Annual Conference

The Pension Board discussed Mr. Grady's attendance at the National Association of Public Pension Attorneys ("NAPPA") annual conference. The Chairman noted that the conference is in Boston from June 25 through June 27, 2008 and the conference fee is approximately \$750. Ms. Mayr stated that she wants Mr. Grady to attend the annual conference, but she believes the conference fee should be budgeted within Corporation Counsel's budget, as this is the practice for all other County departments. Mr. Grady indicated that Corporation Counsel pays NAPPA dues but does not pay conference attendance fees. Mr. Grady stated that the Pension Board pays for Mr. Mueller to attend conferences. Mr. Grady discussed the benefits of attending the conference. He pointed out that the Pension Board has paid for him to attend the International Foundation's annual conference on two occasions.

The Pension Board voted 1-4-1, with Ms. Mayr voting in favor and Mr. Felber abstaining, to require Corporation Counsel to pay the NAPPA annual conference fee from its budget and to cross-charge the Pension Board.

Motion by Ms. Mayr, seconded by Dr. Peck in order to have a vote on the matter. The motion to have Corporation Counsel cross-charge the Pension Board for the cost of the NAPPA annual conference failed.

The Pension Board voted 5-1, with Ms. Mayr dissenting, to approve Mr. Grady's attendance at the NAPPA annual conference. Motion by Dr. Peck, seconded by Mr. Felber.

Ms. Bedford left the meeting.

(b) Annual Meeting Location 2009

The Chairman reported that the 2009 annual Pension Board meeting will take place on February 19, 2009 (the third Wednesday in February) at the Zoofari Conference Center.

16. Future Topics

The Pension Board discussed future Pension Board meeting topics. Ms. Mayr stated that an Ordinance amendment is required for tax compliance. Mr. Huff indicated that the Pension Board has an action plan in place to go back to the County Board to request the County Board to adopt the Ordinance amendments necessary for tax compliance. Mr. Felber asked if any action is required to fulfill the Pension Board's fiduciary duties.

17. Pending Litigation

Dr. Peck, acting as Vice Chairman, moved that the Pension Board adjourn into closed session for the purpose of receiving oral or written advice from legal counsel concerning strategy to be adopted with respect to pending or possible litigation.

The Pension Board unanimously agreed to enter into closed session to discuss items 17, 18 and 19.

The Board discussed the following pending litigation in closed session:

- (a) Milwaukee County, et al. v. Mercer Human Resource Consulting

18. Report on Compliance Review

The Board discussed the report on compliance review in closed session.

19. Report on Special Investigation

The Board discussed the report on special investigation in closed session.

Upon returning to open session, the Pension Board voted 2-3, with Ms. Mayr and Dr. Roepke voting in favor and Mr. Mawicke, Mr. Felber and Dr. Peck dissenting, to temporarily disband the Ad Hoc Oversight Committee. Motion by Ms. Mayr, seconded by Mr. Felber. The motion failed.

20. Adjournment

The meeting adjourned at 1:20 p.m.

Submitted by Steven D. Huff,
Secretary of the Pension Board